

(1) Number of pages _____

(2) Date of receipt _____

(3) Initials of the Referencer _____

MADRAS RECORD OFFICE.

Government of Madras.

DEPARTMENT.

G.O. No. _____	Press No. _____
Dated _____	13 _____

Not to be folded or roughly handled

*Proceedings of the Madras Government, Public Works Department,
15th September 1870.*

No. 260. Read the following letter from the Acting Consulting Engineer for Railways, to the Secretary to Government, Public Works Department, dated Madras, 2nd September 1870, No. 352 :—

I HAVE the honour to submit papers as per margin relating to a loss of Rupees 12,532-13-2 on the sale of stores at Ghooty belonging to the Madras Railway Company, and the question whether the charge is debitable to the Capital or the Revenue Account.

From the Agent and Manager of the Madras Railway, No. 291, dated 1st June 1870, and No. 479, dated 29th August 1870, with enclosures.
Copy of letter from the Acting Consulting Engineer, No. 282, dated 6th June 1870.

2. A quantity of stores were sent to the local workshops at Bellary, Goondical, and other places when it was expected the North-West Line would run through Bellary to Moodgal. On its being finally settled that Raichore should be the junction with the line from Bombay, the stores were collected at Ghooty; and, as the construction of the railway was carried on by contract instead of departmentally, it was considered advisable that the contractor should take the stores at a valuation agreed upon between him and the officers of the Railway Company. The result of this transaction was a loss of the sum of Rupees 12,532-13-2.

3. The Board of Directors support the view maintained by the Agent and Manager that the loss is a part of the cost of original construction; and add that, as the stores were provided for the purposes of construction, such loss as may arise thereon is fairly chargeable to Capital. The Board state that, though in some instances Revenue may be called upon to bear the loss sustained on the sale of stores, they cannot suppose the Government of India will desire to make the rule applicable to the present case.

4. Now, there is no real question as regards the application of the rules, but the Board and Railway authorities are really contesting the *principle* of the rules of the Government of India. It is most plainly stated in letter,* No. 31, of 11th October 1869, that "the loss on sale of stores damaged while in stock shall be debited to the Revenue Account;" and again, in paragraph 5 of letter,† No. 56-A.-R., of the 4th February 1870, "it has been ruled that the loss incurred on "all stores that have not been issued to a definite head is to be borne solely by "Revenue."

5. The stores at Ghooty were never issued to a final head of account, and, therefore, the loss must fall upon Revenue. The stores were doubtless purchased for the purposes of construction; but they were not used on construction, and the loss on the sale of them while in stock must be debited to the Revenue Account.

6. The Board of Directors of the Great Southern of India Railway have also expressed their opposition to the same rules, as represented in my letters, No. 348, of the 30th August 1870, and

‡ G. O., No. 1,603, dated 4th July 1870. No. 255,‡ of the 24th June 1870. I would, therefore, submit that it is most desirable that the Secretary of State should be addressed with a view to definite arrangements being made with the two Boards in England as to the loss on stores being charged to the Revenue account.

*Proceedings of the Madras Government, Public Works Department,
15th September 1870.*

From the Agent and Manager of the Madras Railway Company, to the Acting Consulting Engineer for Railways, dated Madras, 1st June 1870, No. 291.

I HAVE the honour to solicit your attention to the letters noted in the margin, of which I enclose copies, and to request that, under the circumstances mentioned by the Acting Chief Engineer, the loss incurred by the sale of the stores in question may, as a special case, be charged to "Capital."

From T. H. GOING, Esq., Acting Chief Engineer, to the Agent and Manager of the Madras Railway Company, dated Madras, 31st May 1870, No. 275.

From the Acting Chief Engineer, to the Chief Accountant, No. 1,291-A., dated 25th March 1870.
From the Chief Accountant, to the Acting Chief Engineer, No. 349, dated 8th April 1870.

I BEG to forward herewith copies of correspondence relating to the method of dealing in our accounts with a loss sustained on the sale of stores at Ghooty.

2. You will observe that the Chief Accountant is unable to charge the amount to "Capital," under the orders quoted in his letter, No. 349, of 8th April.

3. It is, however, so clearly a charge due to Capital, that I beg you will kindly refer the question to the Acting Consulting Engineer, with a request that he may obtain sanction for its being dealt with as proposed in my letter, No. 1,291-A., of 25th March 1870, paragraph 5, of which copy is enclosed.

4. G. O., No. 554, of 17th February last, paragraph 5, in commenting on the rule in Government of India Circular, No. 31, of 11th October 1869, explains that it is "an application of the principle that Capital should not be called upon to bear more than the prime cost of original construction."

5. The loss on the stores in question is a part of the prime cost of original construction. I, therefore, am decidedly of opinion that the rule quoted should not be made applicable to it.

From T. H. GOING, Esq., Acting Chief Engineer, to the Chief Accountant, dated Madras, 25th March 1870, No. 1,291-A.

Stores sold at Ghooty.
Your No. 101 of 31st January, last paragraph.
The circumstances of the sale are these.

The North-West Line as originally proposed was surveyed viâ Bellary to Moodgul, and to meet the requirements of construction a great quantity of tools and stores were at the time sent up and kept in stock in the local workshops which were then established at Goondicul, Bellary, and other places.

2. Some time after the original project was abandoned and a deviation of the line viâ Raichore adopted instead. The stores from the local workshops above named were collected and kept together at Ghooty, pending an arrangement as to the best disposal of them.

3. The work was undertaken under the contract system, and the stores at Ghooty could not, therefore, be utilized for Company's use. The contractor made an offer to take up the stores wholesale at a reasonable price. This was considered advantageous considering the expense that would be entailed in bringing them down to Madras; and, as the sale of them would be an accommodation to the Contractor and a convenience to the Company, the stores were disposed of to Mr. Barnett at a valuation agreed upon between the then Deputy Chief Engineer, Mr. B. Anderson, and the Contractor's Agent, Mr. C. Sanderson.

4. The original value of the stores sold was Rupees 35,465-0-6, the sum realized Rupees 17,456-3-10, leaving a loss of Rupees 18,008-12-8, to which a sum of Rupees 5,475-15-6, realized

*Proceedings of the Madras Government, Public Works Department,
15th September 1870.*

partly by sale of unserviceable stores on certain districts on construction and partly by utilizing some of the used stores once charged off in the accounts, has been credited, there will then remain a sum of Rupees 12,532-13-2 still to be wiped off in the stores accounts.

5. I propose to charge off this amount to "Contingencies" of the several districts beyond Ghooty, District 11-1 to District 20 in equal proportions, and shall be glad to know if I may so wipe off the amount in the next stores accounts.

From the Chief Accountant, to the Acting Chief Engineer, dated Madras, 8th April 1870, No. 349.
Stores sold at Ghooty.

In reply to your No. 1,291-A. of the 25th ultimo I beg to state that, under the orders of the Government of India noted in the margin, we are unable to charge the loss of Rupees 12,532-13-2 to Capital.

2. The course which the Government desire us to follow is indicated in these documents.

From the Acting Consulting Engineer for Railways, to the Agent and Manager of the Madras Railway Company, dated Madras, 6th June 1870, No. 282.

With reference to your letter of the 1st June 1870, No. 291, I have the honour to state that, under paragraph 5 of the letter from the Government of India, No. 56-A.-R., of 4th February 1870, which exactly meets the case in point, I am precluded from authorizing the loss incurred by the sale of stores at Ghooty to be charged to Capital. I request, therefore, that the sum of Rupees 12,532-13-2 may be charged against Revenue.

From the Agent and Manager of the Madras Railway Company, to the Acting Consulting Engineer for Railways, dated Madras, 29th August 1870, No. 479.

In enclosing an extract (paragraphs 13, 14, 15, and 16) from a letter from the Secretary, No. 457, dated the 22nd ultimo, I have the honour to request that it may be laid before the Governor in Council together with the copy of correspondence enclosed with my letter to you dated the 1st June last, No. 291.

2. In dealing with this question I trust that the Governor in Council will give his full consideration to the observations of the Board as well as to the merits of the case, and I do not doubt that he will come to the conclusion that the loss incurred by the sale of the stores at Ghooty is a charge which should fairly be borne by Capital. There are doubtless, as the Directors observe, instances in which Revenue may with propriety be called upon to bear the loss sustained on the sale of stores; but the case under consideration is certainly not one of them, and I cannot think that the Government of India will be indisposed to make an exception to the rule communicated by their circular, No. 56-A.-R., dated the 4th February 1870, provided it is shown that the circumstances warrant a departure from the prescribed form.

*Extract from a Letter from the Secretary of the Madras Railway Company, No. 457,
dated London, 22nd July 1870.*

PARAGRAPH 13.—The Board have had under consideration the Acting Chief Engineer's letter to you of the 31st May last and the correspondence therein referred to as to the mode of dealing in the accounts with a loss sustained on the sale of stores at Ghooty. We learn from Mr. Going's letter of the 25th March 1870 that, when the North-West Line as originally proposed was surveyed viâ Bellary to Moodgul, a large quantity of tools and stores to meet the requirements of construction were sent up and kept in stock in the local workshops then established at the above and other places, and that, on the original project being abandoned and a deviation of the line viâ Raichore adopted, the stores

*Proceedings of the Madras Government, Public Works Department,
15th September 1870.*

in question were collected and kept together at Ghooty, pending an arrangement as to the best method of disposing of them.

14. On the work being undertaken under the contract system it was found that these stores could not be made available for the Company's use, and it was thought desirable, considering the expense that would be entailed in taking them down to Madras, to accept the offer made by the Contractor and dispose of the stores at a valuation agreed upon between the then Deputy Chief Engineer and the Contractor's Agent. The net loss resulting from the transaction, amounting to Rupees 12,532-13-2, the Acting Chief Engineer very properly proposed to charge off to "Contingencies" of the several districts beyond Ghooty in equal proportions.

15. The Chief Accountant, replying to the above letter, states that, under the orders of the Government of India marginally noted, he is unable to charge the loss in question to Capital.

No. 3,696, dated 19th November 1869,
" 554, " 17th February 1870.

The second rule embodied in the former of these orders enjoins that "the loss or sale of stores damaged while in stock shall be debited to the Revenue account under the departmental head for which such stores are kept, and not charged off to profit and loss in the stock account," and, in commenting on this regulation, the Government of India state that "it has been ruled that the loss incurred on all stores that have not been issued to a definite head is to be borne solely by Revenue," and that "this is simply an application of the principle that Capital should not be called upon to bear more than the prime cost of original construction." The Board are of opinion that the loss in question does form part of the prime cost of construction. The stores were provided for the purposes of construction, and such loss as may arise thereon is, therefore, fairly chargeable to Capital. There will doubtless be instances in which Revenue may with propriety be called upon to bear the loss sustained on the sale of stores, but the case under consideration is certainly not one of them, and the Board cannot suppose that the Government of India will desire to make the rule referred to applicable to it.

16. It is observed that you have called the attention of Government to the correspondence on the subject, and the Board trust they will on consideration authorize the amount being charged to Capital as requested.

(True Extract.)

(Signed) R. B. ELWIN,
Agent and Manager.

No. 261. ORDER THEREON, 15th September 1870, No. 2,222.

RAILWAY, No. 23.

ORDERED that these papers be forwarded for the consideration of the Government of India.

(Here enter No. 2,223, dated 15th September 1870.)

(True Extract.)

Colonel, R. E.,

Secretary to Government.

To the Acting Consulting Engineer for Railways.

Exd. A. S. Rodgers.

PUBLIC WORKS DEPARTMENT,
FORT ST. GEORGE, 15th September 1870.

No. 262.

No. 2,223.

To

THE SECRETARY TO THE GOVERNMENT OF INDIA,
PUBLIC WORKS DEPARTMENT.

RAILWAY, No. 24.

From Govt. of India,	4th Feb. 1870,	No. 56-A.-R.
To do.	21st Dec. 1869,	" 4,000.
From do.	11th Oct. "	" 31.
To do.	4th July 1870,	" 1,604.

in which the Agent and Manager of the Madras Railway requests that the sum of Rupees 12,532-13-2, representing the loss incurred upon the sale of stores kept in stock at Ghooty, may, as a special case, be charged to Capital. The Directors of the Company are of opinion that, as the stores in question were provided for construction purposes, the loss is part of the cost of original construction, and should accordingly be borne by Capital.

Letter No. 31, dated 11th October 1869.
" " 56-A.-R., dated 4th February 1870.

SIR,—With reference to the correspondence marginally noted and in continuation of my letter, No. 2,171, dated 9th September 1870, I am directed to forward, for the orders of the Government of India, the accompanying papers, This view of the matter, however, does not appear to be in accordance with the rules laid down by the Government of India in the orders marginally noted.

2. Looking to the objections raised by the Railway Companies in this Presidency to the rules prescribed by Government for the guidance of the Companies' Officers in dealing with losses under stock, His Excellency in Council concurs in the suggestion of the Acting Consulting Engineer that the Secretary of State should be addressed with a view to definitive arrangements being made with the Directors in England.

I have the honour to be,

Sir,

Your most obedient Servant,

Colonel, R. E.,

Secretary to Government.

Exd. A. S. Rodgers.

CONSULTING ENGINEER'S OFFICE.

Railway Department.

No. 352-

From

Captain M. P. Brendon, R.E.
Consulting Engineer for Railways,

To

Colonel L. A. Barr, R.E.

Secretary to Government,

Public Works Department,

Fort Saint George.

SIR,

From the Agent & Manager, Madras Ry.
No. 291 of 1st June 1870.
No. 479 of 29th August 70.
with enclosures.
Copy of letter from the Agent & Manager, Madras Ry.
No. 282 of 1st June 1870.

I have the honour
to submit papers, as per
margin, relating to a
loss of Rs. 12,532-13-2

on the sale of stores at G. hoody,
belonging to the Madras Railway
Company, and the question whether
the charge is debitable to the
Capital or the Revenue account.

2

A quantity of stores

were

were sent to the local workshops
at Bellary, Hoondial and other
places, when it was expected the
North West Line would run through
Bellary to Moodgal. On its
being finally settled that
Canara should be the junction
with the Line from Bombay,
the stores were collected at Gooty,
and as the construction of the
Railway was carried on by
contract, instead of Departmentally
it was considered advisable
that the Contractor should take
the stores, at a valuation agreed
upon between him and the
Officers of the Railway Company.
The

The result of this transaction, was
a loss of the sum of Rs: 12,532-13-2.
3 The Board of Directors
support the view maintained by
the Agent and Manager, that
the loss is a part of the cost of
original construction; and add that
as the stores were provided for the
purposes of construction, such
loss as may arise thereon, is
fairly chargeable to Capital.
The Board state that though in
some instances Revenue may be
called upon to bear the loss
sustained on the sale of stones:
they cannot suppose the Govern-
ment of India will desire to
make the rule applicable
to

to the present case.

4 Now, there is no real question as regards the application of the Rules; but the Board and Railway Authorities are really contending the principle of the Rules of the Government of India. It is most plainly stated in letter^s N^o 31 of 11th October 1869: that the^s L. O. N^o 3696, 7th 19th Nov: 1869.
"loss on sale of stores damaged — while in stock shall be debited to the Revenue account" and again in para 5 of letter^s N^o 56 AR of the^s L. O. N^o 554, 4th February 1870, "it has been^s 7th 17th Feb: 1870.
"ruled that the loss incurred on all stores, that have not been issued to a definite head, is to be borne solely by Revenue".

5 The stores at Ghooty were never issued to a final head of account; and therefore the loss must fall upon Revenue. The stores were doubtless purchased for the purposes of construction; but they were not used on construction; and the loss on the sale of them while in stock, must be debited to the Revenue Account.

6 The Board of Directors of the Great Indian Peninsula Railway, have also expressed their opposition to the same Rules, as represented in my letter^s N^o 348 of the 30th August 1870; and N^o 255 of the 24th June 1870. I would therefore

* L. O. N^o 1603
7th 4th July 1870.

1. Moatras
2. September
1890.

I have the honor to be,
Sir,
Yours & Most Obedt Servt.

Wm Lander just bapt 1880

Ag: born: Aug. 1890

No. 352
 June 1867
 Dear Mr. McKim
 On the sale of shares at
 Great Northern Railway,
 and the question
 whether the charge is
 deductible, I have written
 a few lines.

No 22228-15-g-ya

The Secretary to Government,
P. W. Department,
Fort St. George.

From
The Consulting Engineer
for Railways,

RAILWAY DEPARTMENT.

*Dr. 1870 Mch.
Wm. G. Smith
No 3472*

Madras, 7th June 1870.

Robert B. Clavin Esq
Agent and Manager of the C. & C.

Captain H. L. Prendergast R.E.,
Ag. Consulting Engineer for Railways.

I have the honor to solicit your attention to the letters noted in the margin, of which I enclose copies, and to request that under the circumstances mentioned by the Acting Chief Engineer, by the sale of the Stores may as a special case be Capital.

I have the honor to be,
- Sir,
Your most obedient Servant.

J. W. Melton.
for agent & Therapist.

No 275.

Madras Railway Company
Chief Engineer's Office
Madras 31st May 1870

The Agent and Manager

Dear Sir,

I beg to forward herewith Copies
of Correspondence
relating to the method
of dealing in our
accounts with a loss
sustained on the sale of stores at Ghosky.

You will observe that the Chief
Accountant is unable to charge the amount
to Capital, under the orders quoted in his
letter No 349 of 8th April.

It is however so clearly a charge
due to Capital that I beg you will kindly
refer the question to the Consulting Engineer
with a request that he may obtain sanction
for its being dealt with as proposed in
my letter No 1291 of 25th March 1870, para
5 of which copy is enclosed.

G.O. No 554 of 17th February
last, para 5, in commenting on the Rule
in Government of India Circular No 31
of 11th October 1869 explains that it is "an
application of the principle that Capital
should not be called upon to bear more
than the prime cost of original
Construction."

MADRAS RAILWAY.

From

The Agent and Manager.

To

The Consulting Engineer

for Railways.

Dated 1st June 1870.
Recd 2nd "

No. 291.

Requesting that the
loss incurred by
the sale of stores
at Ghosky may be
charged to Capital.

M 347/70

The loss on the stores in question is a part of the Prime Cost of original construction. I therefore am decidedly of opinion that the rule quoted should not be made applicable to it.

Gowis & Co,
Signed J H Goring
Asy Chief Engineer

No 1291

Madras Railway Company
Chief Engineer's Office
Madras 25th March 1870

The Chief Accountant

Dear Sir

Stores sold at Ghooty.

Gowis No 101 of 31st January - last passed.

The circumstances of the sale are these.

The North West line as originally proposed was surveyed via Bellary to Almodgul and to meet the requirements of construction a great quantity of tools and stores were at the time sent up and kept in stock in the local workshops which were then established at Goundicul, Bellary and other places.

2. Some time after the original project was abandoned and a deviation of the line via Raichore adopted instead. The stores from the local workshops above named were collected and kept together

at Ghooty, pending an arrangement as to the best disposal of them.

3. The work was undertaken under the Contract system and the stores at Ghooty could not therefore be utilized for Company's use. The Contractor made an offer to take up the stores wholesale at a reasonable price. This was considered advantageous considering the expense that would be entailed in bringing them down to Madras, and as the sale of them would be an accommodation to the Contractor and a convenience to the Company, the stores were disposed of to Mr Barnett at a valuation agreed upon between the then Deputy Chief Engineer (Mr B Anderson) and the Contractor's Agent (Mr C Linderson).

4. The original value of the stores sold was Rs 35465-11-6, the sum realized Rs 17456-3-10, leaving a loss of Rspees 18008-12-8. To which a sum of Rs 5475-15-6 realized partly by sale of unserviceable stores in certain Districts on Construction and partly by utilizing some of the used stores once charged off in the accounts, has been credited, there will then remain a sum of Rs 12532-13-2 still to be wiped off in the stores accounts.

5. I propose to charge off this amount to "Contingencies" of the several Districts beyond Ghooty, District 11 to District 20 in equal proportions and

shall be glad to know if I may so
wipe off the amount in the next
stores accounts.

Yours &c
J. H. Going
Actg Ch. Engineer

No 349.

Madras Railway Company
Chief accountants office
Madras 5th April 1870.

Dear Sir,

Stores sold at Ghooty

In reply to your No 1291 of the 25th
ultimo, I beg to state that under the
orders of the Government of India noted in the margin
we are unable to charge the loss of Rupees 12532-
13-2 to Capital.

G.O. No 3696 of 19th Nov
1869 clause 11
G.O. No 554 of 17th Feb
1870 para 5.

The Course which the Govern-
ment desires to follow is indicated
in these documents.

Yours &c
J. H. Thomson
Chief accountant
The Actg Chief Engineer

(True Copies)
J. H. Going
Acting Chief Engineer
(True Copies)

J. H. Mills
for agent Vellamangere

10/3/70

Comptroller

Railway Department

Cons. Engrs Office

No 282

To

The Agent and Manager
Madras Railway Company
Madras.

Sir,

With reference to your
letter of the 1st Jan 1870, No 291,
I have the honour to state that
under paragraph 5 of the letter
from the Government of India
No 56-A.R of 11th February 1870
which exactly meets the case
in point, I am precluded from
authorizing the loss incurred by
the sale of stores at Ghooty
to be charged to Capital.

I request therefore that the
sum of Rs: 12532-13-2 may
be

G.O. No 554.
17th Feb 1870

No. 479.

MADRAS RAILWAY.

AGENT AND MANAGER'S OFFICE.

Madras, 29th August 1890.

From

Robert B. Clavin Esq.

Agent and Manager. *M. A. Co.*

To

Captain, H. L. Prendergast, R.E.,

By Consulting Engineer for Railways.

Sir,

I am enclosing an extract paragraphs 13, 14, 15 and 16 from a letter from the Secretary No. 457 dated the 22^d ultimo. I have the honor to request that it may be laid before the Governor in Council together with the copy of correspondence enclosed with my letter to you dated the 1st June last No. 291.

2. In dealing with this question I trust that the Governor in Council will give his full consideration to the observations of the Board as well as to the merits of the case, and I do not doubt that he will come to the conclusion that the loss incurred by the sale of the Stores at shortly is a charge which should fairly be borne by Capital. There are, doubtless as the Directors observe, instances in which Revenue may with propriety be called upon to bear the loss sustained on the sale of Stores, but the case under consideration is certainly not one of them, and I cannot think that the Government

be changed against Revenue.

Madras 6th June 1870. I have the
pleasure to sign the President's copy of the
Ag. Com. Book for you.

/ True copy /

Wm Lendrum Captain 1860

ex: bond: due, for 1 day.

Mr 8472/50

Compotown

of India will be indisposed to make an
exception to the Rule communicated by their
Circular No. 56 A. R. dated the 4th
February 1870 provided it is shown that
the circumstances warrant a departure
from the prescribed form.

I have the honor to be,
Sir,

Your most obedient servant.

W. J. H. H.
Agent and Manager.

1870/04/07

Extract from a letter from the Secretary, W. & Co.
No. 457 dated London the 22^d July 1870.

Para 13. The Board have had under consideration the Acting Chief Engineer's letter to you of the 31st May last and the correspondence therein referred to as to the mode of dealing in the accounts with a loss sustained in the sale of stores at footy. We learn from Mr. Joice's letter of the 25th March, 1870, that when the C. N. Line as originally proposed was surveyed via Bellary to Moodgul, a large quantity of tools and stores to meet the requirements of construction were sent up and kept in stock in the local workshops then established at the above and other places, and that on the original project being abandoned, and a deviation of the line via Parahow adopted, the stores in question were collected and kept together at footy, pending an arrangement as to the best method of disposing of them.

disposal of them.
144. On the work being undertaken under the contract system, it was found that the stones could not be made available for the Company's use, and it was thought desirable, considering the expense that would be entailed in taking them down to Madras, to accept the offer made by the Contractor, and disposal of the stones at a valuation agreed upon between the then Deputy Chief Engineer and the Contractor. The net loss resulting from the transaction amounting to Rs 12,532.10.2, the Acting Chief Engineer very properly proposed to charge off to

MADRAS RAILWAY.

F70112

The Agent and Manager.

The Consulting Engineer

for Railways.

Dated 29 May 1890.
Recd. 30th "

No. 499.

enclosed are extract
from the Standard letter
of Nov. 4th 57, the two lines
enclosed by the wavy
lines at bottom, and
requesting that if any
has said before of the
two enclosed.

2/2/72

"Contingencies" of the several districts beyond
proportionally in equal proportions.

15. The Chief Accountant, replying
to the above letter, states that under the Orders of the
Government of India, marginally (No. 3696, dated 19th November 1869
noted, he is unable to charge the Rs. 554 -- 17. Peshy. 1870.
loss in question to capital. The second rule
embodied in the former of these Orders enjoin
that "the loss or sale of stores damaged while in
stock shall be debited to the revenue account,
"under the departmental head for which such
stores are kept, and not charged off to profit
and loss in the stock account," and in com-
menting on this regulation the Government of
India state that "it has been ruled that the
"loss incurred on all stores that have not
"been issued to a definite head is to be borne
"solely by revenue," and that "this is simply
"an application of the principle that capital
"should not be called upon to bear more than
"the prime cost of original construction."
The Board are of opinion that the loss in
question does form part of the prime cost
of construction - The stores were provided
for the purposes of construction, and such loss
as may arise thereon is therefore fairly
chargeable to capital. There will doubtless
be instances in which revenue may with pro-
priety be called upon to bear the loss sus-
tained on the sale of stores, but the case under
consideration is certainly not one of them,
and the Board cannot suppose that the
Government of India will desire to make

the rule referred to applicable to it.

16. It is observed that you have
called the attention of Government to the
correspondence on the subject, and the Board
trust they will on consideration authorize
the amount being charged to capital as
requested.

/ True Extract /

W. J. Hunter
Agent & Manager.

Public Works Department

No 2222

Proceedings of the Madras Government
dated the 15 Sept 1870

on the Ag Cons. Engineer for Ry. H. E. No 352 of 2nd Sept 1870

Ordered that these papers
be forwarded for the considera-
tion of the Govt. of India.

The Ag. Engr. for Ry.
Decr 16/9/70

H. E. No 7.
No 2223

The Secretary to the
Govt. of India

Sir
With reference to the cor-
respondence marginally noted,
and in continuation of my letter
No 2171 dated 9/8/70, I am di-
rected to forward for the orders
of the Govt. of India the ac-
companying papers in which
the Agent and Manager of
the Madras Railway request
that

Govt. of India
2nd Feb 71 No 188 A.D.
- do - 2nd Dec. 71 2000
m. do - 11th Dec. 71 31
- do - 4th Jan 72 - 1602

10/11/70

That the sum of Rs 12,532-15-2
representing the loss incurred
upon the sales of stores kept in
stock at Lodi man, as a special
case, be charged to Capital.
The Directors of the Company
are of opinion that, as the stores
in question were provided for
construction purposes, the loss
is part of the cost of original
construction, and, should ac-
cordingly be borne by Capital.
This view of the matter how-
ever does not appear to be
in accordance with the rules
laid down by the Govt. of
India in the orders marginally
noted.

* Letter No 31 of 11th Dec. 1870
" " 56th Dec. 7 4th Feb. 1871

In reply to the objections
raised by the Railway Companies
in the Presidency to the rules
prescribed by Government
for

21 13
for the guidance of the Compa-
ny's Officers in dealing with
stores under stock. His Excellency
in Council concurs in the sug-
gestion of the Deputy Commr.
Engineer that the Secretary of
State should be addressed with
a view to definitive arrange-
ments being made with the
Directors in England.

W. S.

Recd 16/9/70 with 25 pms
Copy of Genl 2222 of 1870.

Further Pro. by 9th of 16.3
" 1349-16.3

CP 3672
Govt. of India

PUBLIC WORKS.

The Agricultural Engrs
for Railways
And
To The Secretary to the Govt
of India

Dated

Recd.

5

15 Sept. 222292223

4.

260-261 & 262

res/Railways - Papers
on papers relative
debiting to Capital the
incurred upon the sale
of stores kept in stock
in the country.

Forwarding, for orders,
papers on the subject of
debiting Capital the cap
incurred upon the sale of
stores kept in stock, at 3/4